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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: September 30, 1998  
Estimated average burden  
hours per response . . . 12.00

SEC FILE NUMBER  
8-40088

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2001 AND ENDING 12/31/2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

*Penrod Financial Services, Inc*

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

574 STATE HWY 248

(No. and Street)

BRANSON MO 65616

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

TAMARA L. HASLAR, Fin Op's

417-334-3455

(Area Code — Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

EVER'S & COMPANY CPA'S

Jo. L. Moore, CPA

(Name — if individual, state last, first, middle name)

520 DIX ROAD

JEFFERSON CITY MO 65109

(Address)

(City)

(State)

Zip Code

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

**MAR 15 2002**

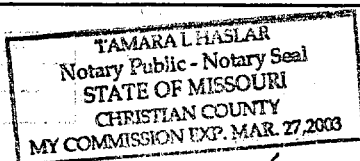
**THOMSON  
FINANCIAL**

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

I, DONALD R PENROD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PENROD FINANCIAL SERVICES, INC d/b/a PENROD & COMPANY, as of DECEMBER 31, 2001, ~~19XX~~, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Donald R. Penrod  
Signature

President, Donald R. Penrod

Title

Tamara L. Haslar  
Notary Public

In Taney County for Christian County, Commission Expires 3/27/2003

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**PENROD FINANCIAL  
SERVICES, INC.**

Branson, Missouri

**INDEPENDENT AUDITORS' REPORT**

For the Year Ended December 31, 2001

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# Evers & Company, CPA's, L.L.C.

Certified Public Accountants and Consultants

Elmer L. Evers  
Jerome L. Kauffman  
Richard E. Elliott  
Dale A. Siebeneck  
Keith L. Taylor  
Lynn J. Graves

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
Of **Penrod Financial Services, Inc.**

We have audited the accompanying statement of financial condition of **Penrod Financial Services, Inc.** as of December 31, 2001, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Penrod Financial Services, Inc.** as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 8 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Evers & Company, CPA's, L.L.C.*

EVERS & COMPANY, CPA's, L.L.C.  
Jefferson City, Missouri

February 1, 2002

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF FINANCIAL CONDITION  
December 31, 2001

ASSETS

Current Assets:		
Cash and cash equivalents	\$	650.22
Receivables from Brokers or Dealers:		
Commissions Receivable - Listed		2,438.86
Commissions Receivable - Other		8,315.25
Other Current Assets:		
Funds on Deposit at Clearing Agency		10,017.50
Prepaid Fidelity Bond		467.50
Total Current Assets	\$	<u>21,889.33</u>
TOTAL ASSETS		\$ <u>21,889.33</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities:			
Payable to Non-Customers:			
Commissions Payable	\$	4,578.29	
Total Current Liabilities		<u>4,578.29</u>	\$ <u>4,578.29</u>
Total Liabilities			4,578.29
Stockholder's Equity:			
Common Stock-30,000 Shares, \$1 Par Value			
Authorized; 500 Shares Issued and Outstanding		500.00	
Additional Paid in Capital		15,560.10	
Retained Earnings		<u>1,250.94</u>	
Total Stockholder's Equity			<u>17,311.04</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY			\$ <u>21,889.33</u>

See accompanying notes to the financial statements.

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF INCOME  
For the Year Ended December 31, 2001

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Revenue:

Commission Income from Security Transactions	\$	316,443.79	
Other Revenue:			
Interest Income		532.33	
Miscellaneous Income		<u>1,537.72</u>	
Total Revenue	\$		318,513.84

Expenses:

Commissions paid to others	85,736.87		
Salaries and benefits	12,013.96		
Commissions paid to Other Broker-Dealer-Clearing	20,025.76		
Regulatory Fees and Expenses:			
NASD Licensing Fees	2,906.00		
SIPC Assessment	150.00		
SIC Annual Fee	565.64		
MSRB Annual Fee	200.00		
Other Expenses:			
Bank Charges	60.00		
Professional Fees	8,377.24		
Fidelity Bond Expense	480.34		
Annual Registration	<u>45.00</u>		
Total Expenses			<u>130,560.81</u>
Net Income	\$		<u><u>187,953.03</u></u>

See accompanying notes to the financial statements.

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
For the Year Ended December 31, 2001

	Common Stock	Paid-In Capital	Retained Earnings	Total
Balance, Beginning of Year	\$ 500.00	\$ 15,560.10	\$ 4,297.91	\$ 20,358.01
Net Income	-	-	187,953.03	187,953.03
Less: Distributions to Shareholder	-	-	(191,000.00)	(191,000.00)
Balance, End of Year	\$ 500.00	\$ 15,560.10	\$ 1,250.94	\$ 17,311.04

See accompanying notes to the financial statements.

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF CASH FLOWS (INDIRECT METHOD)  
For the Year Ended December 31, 2001

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Cash Flows from Operating Activities:

Net Income	\$187,953.03
Adjustment to Reconcile increase(decrease) in net income to net cash provided by operating activities:	
(Increase)decrease:	
Receivables from Brokers/Dealers Clearance Account	(3,725.90)
Receivables from Non-Customer Commissions	684.43
Prepaid Fidelity Bond	(80.66)
Increase(decrease):	
Commissions Payable	2,086.50
Net Cash Provided by Operating Activities	186,917.40

Cash Flows from Financing Activities:

Distributions to Shareholder	(191,000.00)
Net Cash Used in Financing Activities	(191,000.00)
Increase(Decrease) in Cash and Cash Equivalents	(4,082.60)
Cash and Cash Equivalents at Beginning of Year	4,732.82
Cash and Cash Equivalents at End of Year	\$ 650.22

See accompanying notes to the financial statements.

**PENROD FINANCIAL SERVICES, INC.**  
Branson, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2001

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Business**

Penrod Financial Services, Inc. is a registered broker/dealer company. It is a member of the National Association of Securities Dealers (NASD). The NASD, which operates subject to Securities and Exchange oversight, is the largest self-regulatory organization, with a membership that includes virtually every broker/dealer in the nation that does a securities business with the public.

A summary of significant accounting policies follows:

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Commissions Receivable**

The Company considers commissions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Income Taxes**

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the company does not pay federal and state corporate income taxes on its taxable income. Instead, the stockholder is liable for federal and state income taxes on his respective share of the Company's net income on his individual income tax returns.

**Securities Transactions**

Customers' securities and commodities transactions are reported on a trade date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have reached their contractual settlement date are recorded at net on the statement of financial condition.

**PENROD FINANCIAL SERVICES, INC.**  
Branson, Missouri

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2001

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**NOTE 2 – RELATED PARTY TRANSACTION:**

The sole shareholder of Penrod Financial Services, Inc. is also the sole shareholder of Penrod and Company, an insurance agency. Penrod and Company provides general and administrative services and supplies to Penrod Financial Services, Inc. at no charge.

**NOTE 3 – NET CAPITAL REQUIREMENTS:**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of \$11,631.12, which was \$6,631.12 in excess of its required net capital of \$5,000.

## ACCOMPANYING INFORMATION

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 2001

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Working Capital Provided by:			
Net Income from Operations		<u>\$ 187,953.03</u>	
Total Sources			\$ 187,953.03
Working Capital Used for:			
Distributions to Shareholder		<u>191,000.00</u>	
Total Uses			<u>(191,000.00)</u>
Increase (Decrease) in Working Capital			<u><u>\$ (3,046.97)</u></u>
Changes in Components of Working Capital:			
	Beginning of Year	End of Year	Increase (Decrease)
Current Assets:			
Cash and Cash Equivalents	\$ 4,732.82	\$ 650.22	\$ (4,082.60)
Commissions Receivable - Listed	2,256.66	2,438.86	182.20
Commissions Receivable - Other	4,771.55	8,315.25	3,543.70
Funds on Deposit at Clearing Agency	10,701.93	10,017.50	(684.43)
Prepaid Fidelity Bond	386.84	467.50	80.66
Net change in current assets			(960.47)
Current Liabilities:			
Commissions Payable	<u>2,491.79</u>	<u>4,578.29</u>	<u>(2,086.50)</u>
Increase (Decrease) in Working Capital			<u><u>\$ (3,046.97)</u></u>

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

STATEMENT OF SIPC ANNUAL GENERAL ASSESSMENT AND PAYMENTS  
For the Year Ended December 31, 2001

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Required Payment Per SIPC Instructions	<u>\$ 150.00</u>
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Schedule of Payments Made:

<u>Date</u>	<u>Amount</u>
January 12, 2001	<u>\$ 150.00</u>

The above payment represents the SIPC annual assessment for 2001.

PENROD FINANCIAL SERVICES, INC.  
Branson, Missouri

COMPUTATION OF NET CAPITAL  
For the Year Ended December 31, 2001

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Stockholder's Equity from Statement of Financial Condition	\$ 17,311.04
Less Deductions for Non Allowable Assets:	
Prepaid Fidelity Bond	(467.50)
Interest on Clearing Account	(17.50)
Commissions Receivable - Other	<u>(5,186.00)</u>
Total Deductions for Non Allowable Assets	<u>(5,671.00)</u>
Net Capital before Haircuts *	11,640.04
Less Haircut: Franklin Money Fund	<u>(8.92)</u>
Net Capital	<u><u>\$ 11,631.12</u></u>

\* Haircuts are deductions from the net capital of certain percentages of the market value of securities and commodity futures contracts that are long and short in the capital and proprietary accounts of a broker-dealer and in the accounts of partners. These deductions are solely for the purpose of computing net capital and are not entered on the books.